84-2003

Office-Supreme Court, U.S.
FILED
JUN 26 1985
ALEXANDER L. STEVAS,
CLERK

No.

In the
SUPREME COURT OF THE UNITED STATES

October Term 1984

BERWYN E. ETTER,
Petitioner,

vs.

COMMISSIONER OF PATENTS AND TRADEMARKS,
Respondent,

ANTHONY E. B. GOODFELLOW,
Intervenor.

On Petition to the United States Supreme Court for Writ of Certiorari to the Court of Appeals of the Federal Circuit.

PETITION FOR A WRIT OF CERTIORARI

Donald H. Zarley
ZARLEY, McKEE, THOMTE,
VOORHEES & SEASE
2400 Ruan Center
Des Moines, Iowa 50309
515-288-3667
ATTORNEYS FOR PETITIONER

Petitioner, Berwyn E. Etter, prays that a writ of certiorari issue to review the judgment in case 84-1213 of the United States Court of Appeals for the Federal Circuit, February 27, 1985.

THE QUESTIONS PRESENTED FOR REVIEW.

A. Did the lower court err by concluding that the statutory presumption of validity (28 U.S.C. §282) is not applicable to reexamination proceedings before the United States Patent and Trademark Office.

B. Did the lower court's decision that 28 U.S.C. §282 has no application in reexamination proceedings deprive Appellant of property without due process of law all in violation of the United States Constitution Amendment V.

C. Did the lower court err in concluding that the Etter Patent No. 4,133,034 is nonpatentable under 35 U.S.C. §103 in view of the prior art.

LIST OF ALL PARTIES TO THE PROCEEDING.

Appellant:	Berwyn E. Etter.
Appellee:	Commissioner of Patents and Trademarks.
Intervenor:	Anthony E. B. Goodfellow.

TABLE OF CONTENTS

		Page
I.	References to Official and Unofficial Reports of Opinions Delivered Below.	1
II.	Statement of the Grounds on Which The Jurisdiction of This Court is Invoked.	1
III.	Constitutional Provisions and Statutes Involved.	2
	A. U.S. Constitution - Amendment V.	2
	B. 35 U.S.C. §282.	3
	C. 35 U.S.C. §§301 - 307.	3
IV.	Statement of the Case.	3
	A. Nature of the Case.	3
	B. Course of the Proceedings.	4
V.	Argument.	6
	A. Introduction.	6
	B. The Court Erred In Concluding That "§282 Has No Application In Reexamination Proceedings."	8

Page

C. The Court's Decision "That §282 Has No Application in Re-examination Proceedings" Has The Legal Effect Of Depriving Petitioner of Property Without Due Process Of Law All In Violation Of The United States Constitution, Amendment V. 10

D. The Lower Court Erred In Concluding That The Etter Patent No. 4,133,034 Is "Nonpatentable Under 35 U.S.C. §103 In View Of The Prior Art. 16

E. Conclusion. 22

TABLE OF AUTHORITIES

	Page
American Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1358-59 (Fed. Cir. 1984)	16
Andersen, In re, 743 F.2d 1578 (Fed. Cir. 1984)	11
Etter, In re, 756 F.2d 852, 225 U.S.P.Q. 1 (Fed. Cir. 1985)	1
Graham v. John Deere Co., 383 US 1 (1966)	17
Iowa State University Research Foundation, Inc. v. Sperry Rand Corp., 444 F.2d 406, 409 (4th Cir. 1971)	12
Lindemann Maschinenfabrik v. American Hoist and Derrick, 730 F.2d 1452, 1459 (Fed. Cir. 1984)	9
Patlex Corp. v. Mossinghoff, 758 F.2d 594, 225 U.S.P.Q. 243 (Fed. Cir. 1985)	21
Perkin-Elmer Corp. v. Computer-vision Corp., 732 F.2d 888, 894 (Fed. Cir. 1984)	16
Raytheon Co. v. Roper Corp. 724 F.2d 951, 960 (Fed. Cir. 1983)	16

CONSTITUTION

	Page
U.S. Constitution - amend. V	2, 13

STATUTES

28 U.S.C. §1254 (1966)	2
28 U.S.C. §1295 (1984) (Effective Oct. 1, 1982)	4
28 U,S.C. §2101(c) (1982)	2
35 U.S.C. §103 (1984)	16
35 U.S.C. §261 (1984)	12
35 U.S.C. 282 (1984 Supp. 1984)	2, 7, 8, 9
35 U.S.C. §§ 301-307 (1984) (Effective July 1, 1981)	2, 8, 12

I. REFERENCES TO OFFICIAL AND UNOFFICIAL REPORTS OF OPINIONS DELIVERED BELOW.

The decision of the Board of Appeals in the United States Patent Office dated February 21, 1984; and the Order on Rehearing of the Court of Appeals for the Federal Circuit dated March 25, 1985, have not been officially or unofficially reported or published at this time. The decision of the Court of Appeals for the Federal Circuit dated February 27, 1985, is officially published at 756 F.2d 852, 225 U.S.P.Q. 1 (Fed. Cir. 1985) (in banc). The decision of the lower court and the order on rehearing appear in the accompanying Appendix.

II. STATEMENT OF THE GROUNDS ON WHICH THE JURISDICTION OF THIS COURT IS INVOKED.

The date of the judgment sought to be reviewed was February 27, 1985, which was issued as a Mandate on April 4, 1985.

The date of an order respecting a rehearing was March 25, 1985.

The statutory provisions believed to confer on this court jurisdiction to review the judgment in question by writ of certiorari is 28 U.S.C. §1254 and 28 U.S.C. §2101(c).

III. CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED.

A. U.S. Constitution - Amendment V.

> "No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation."

B. 35 U.S.C. §282 (second paragraph only).

"A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity."

C. 35 U.S.C. §§301 - 307 (pertinent portions thereof are contained in the accompanying Appendix).

IV. STATEMENT OF THE CASE.

A. Nature of the Case.

This is a petition for a writ of certiorari from the decision of The United States Court of Appeals for the Federal Circuit in the matter of ex parte Berwyn E. Etter, Appeal No. 84-1213 which was rendered on an in banc opinion on February 27, 1985. That appeal involved the

reexamination rejection of Etter Patent No. 4,133,034 which issued on January 2, 1979, on a Method and Means of Assimilating Utility Meter Data. The basis for jurisdiction of the Court of Appeals for the Federal Circuit was 28 U.S.C. §1295.

B. Course of the Proceedings.

The patent application of the Etter patent No. 4,133,034 was filed on July 27, 1977, and issued January 2, 1979. The request for reexamination was filed on February 4, 1982, and a final rejection was entered by the Examiner against the claims on December 10, 1982.

The matter came on for hearing before The Board of Appeals on January 26, 1984, and on February 21, 1984, The Board of Appeals rendered its decision

and upheld the Examiner's rejection of the Etter claims.

The decision of The Board of Appeals was appealed to the United States Court of Appeals for the Federal Circuit which rendered a decision on February 27, 1985. That court on its own initiative decided the case in banc, and in a split decision, concluded that the statutory presumption of validity of a patent under 35 USC §282 was not applicable to re-examination procedings. The decision of that court upheld the decision of The Board of Appeals. A concurring opinion by Judges Nies, Smith, and Bissell disagreed with the majority, and contended that the statutory presumption of validity of United States patents should be applicable in reexamination proceedings.

A Petition for In Banc Rehearing was denied on March 25, 1985.

V. ARGUMENT.

A. Introduction.

Petitioner asserts that the lower court has erroneously deprived Petitioner of the statutory presumption of validity under 35 U.S.C. §282. Petitioner further believes that had the statutory presumption of validity remained in place, the lower court would have been barred from finding the Etter patent No. 4,133,034 to be nonpatentable over the new prior art which was at best cumulative if not inferior to the prior art originally cited in the granting of the Etter patent.

The decision of the lower court has disenfranchised the patent system

from the long-standing statutory presumption of validity which has heretofore always existed. This presumption has previously always placed the burden of establishing invalidity of a patent "on the party asserting such invalidity" (35 U.S.C. §282) and this had to be done by clear and convincing evidence. Now, under the lower court's decision, as pointed out by the "dissent" in the so-called concurring opinion, the "obvious strategy of an infringer would be to force the patentee back to the PTO where the patentee's presumptive advantage, as well as claimed construction advantage, is eliminated." (Appendix p. 24). Further, "the denial of a presumption of validity gives carte blanche to the Office to 'second guess' the original allowance on the basis of

the art originally considered or, at least, not materially different." (Appendix p. 28). Thus, the public has an overwhelming interest in the dissection of the patent system which has taken place, and this Court's review of the matter is warranted.

B. The Court Erred In Concluding That "§282 Has No Application In Reexamination Proceedings."

The lower court's above conclusion is at odds with the unqualified statute, 35 U.S.C. §282, which states in part:

"A patent shall be presumed valid."

There is no qualification in that statute that exempts this presumption from administrative proceedings and limits it to patents involved in judicial proceedings. The reexamination statues (35 U.S.C. §§301-307) also fail to impose any limitation on the presumption. The lower court's

decision changes the clear, literal, unqualified language of §282: "A patent shall be presumed valid." The lower court's majority opinion addresses what the law should be, but the law has not been changed. Until it is, all issued patents must be presumed to be valid wherever they are found (except in a reissue application which is an obvious exception).

The lower court has said previously, in discussing §282, that:

> "Courts are not, of course, at liberty to repeal a statute, or to legislate conditions diminishing its effect." Lindemann Maschinenfabrik v. American Hoist and Derrick, 730 F.2d 1452, 1459 (Fed. Cir. 1984).

The majority decision altered the §282 statute and without question, the decision "diminishes its effect." If §282 does not apply to all issued patents in all administrative and judicial proceed-

ings, Congress, and not the lower court, should have made this change. The lower court's majority opinion does not just interpret §282; rather, this decision changes both the effect and literal meaning of the statute.

A construction of §282 consistent with that of the concurring opinion is therefore respectfully requested.

C. The Court's Decision "That §282 Has No Application In Reexamination Proceedings" Has The Legal Effect Of Depriving Petitioner Of Property Without Due Process Of Law All In Violation Of The United States Constitution, Amendment V.

As the reexamination of the Etter patent proceeded through the PTO, §282 and its presumption of validity existed without legislative or judicial qualification. Petitioner's position throughout that proceeding had been that because of the existence of §282, the high

standard of evidence to establish unpatentability had to be maintained, and cumulative or less pertinent art (Azure) was not effective to overcome the presumption of validity. The proceeding was tried by Petitioner with §282 fully in place.

The Court's decision in In re Andersen, 743 F.2d 1578 (Fed. Cir. 1984), was interpreted both by Petitioner and Respondent to indicate that the §282 presumption existed in reexamination proceedings. This Court's decision in the instant case changes the atmosphere in which the proceedings below were tried, for now the lower court has clarified or overruled Andersen, and has trimmed the scope of §282 by holding that the presumption exists only in judicial proceedings but not

in administrative reexamination proceedings. That decision narrows the property right that Petitioner had in his issued United States Patent for it has taken away a part of the presumption of validity that existed without qualification when the patent issued on January 2, 1979.

An issued patent has the attributes of personal property (35 USC §261).

> "The patentee has a vested property right that can be cancelled, revoked or annulled only by judicial proceedings that afford due process of law." Iowa State University Research Foundation, Inc. v. Sperry Rand Corp., 444 F.2d 406, 409 (4th Cir. 1971). (emphasis supplied).

The Etter patent issued on January 2, 1979, well before the reexamination statutes (35 USC §§301-307) became law in December of 1980, and there was no limitation on the statutory presumption of validity that enveloped that patent on the date that it

issued. Nor did the enactment of the reexamination statutes in 1980 qualify that presumption by any express or implied language.

The United States Constitution, Amendment V, states in part:

> "No person shall be ... deprived of life, liberty, or property, without due process of law; ...." (emphasis supplied).

The property right granted Etter on January 2, 1979, with the unqualified presumption of validity has now been removed, and Etter and others now possess patents that have only a qualified presumption of validity. Etter's property right in nis United States Patent with an unqualified presumption of validity has been partially removed by the lower court's determination that the presumption does not exist in reexamination proceedings.

Moreover, Etter lost this property right without due process of law, for the evidence in the proceeding below was submitted on the basis of the existence of the unqualified statutory presumption, and was not tried under established legal precedent that the presumption did not exist in such proceedings. Nor has Petitioner been heard in a judicial proceeding as to why he should not be disenfranchised from the unqualified property right which he had before either the reexamination statutes or the lower court's decision became effective.

Further, if the reexamination statutes compel a conclusion that the §282 presumption does not exist in reexamination proceedings, they must therefore be unconstitutional because they deprive

patentees of a property right without due process of law. It is Petitioner's position that these statutes do not compel such a construction of §282, and that it was the lower court's decision and not the reexamination statutes which have deprived Petitioner of his property without due process. Obviously, if the lower court decision stands, the question remains as to the constitutionality of these statutes which in that event do serve to deprive all patentees of their unqualified presumption of validity granted under §282.

Accordingly, this Court is urged either to conclude that the §282 presumption of validity applies to reexamination proceedings, or conversely, to hold that the reexamination statutes are unconstitutional as depriving patentees of a property right without due

process of law.

D. The Lower Court Erred In Concluding That The Etter Patent No. 4,133,034 Is "Nonpatentable Under 35 U.S.C. §103 In View Of The Prior Art".

The lower court has concluded that the Etter patent is invalid over the prior art patents of Ambrosio (original art) and Azure (new uncited art). If this is a correct conclusion, it must have been established by "clear and convincing evidence" if the Etter patent does enjoy the presumption of validity under §282. Perkin-Elmer Corp. v. Computervision Corp., 732 F.2d 888, 894 (Fed. Cir. 1984), American Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1358-59 (Fed. Cir. 1984), Raytheon Co. v. Roper Corp. 724 F.2d 951, 960 (Fed. Cir. 1983). If Azure is more pertinent than the originally cited patent to Jones, and if the

greater pertinency of Azure is established by "clear and convincing evidence", the lower court's decision is proper. But the lower court has overlooked crucial evidence that shatters any reasonable conclusion that Azure is clearly and convincingly more pertinent than Jones.

Under Graham[1], the differences between the claims and the prior art needed to be determined. The missing link in the originally cited Ambrosio patent was the electronic storage or memory. The Jones patent, originally cited, revealed a small hand-held computer which had both electronic memory and the ability to calculate. The original Examiner could have said that it would be obvious for one having

---

[1] Graham v. John Deere Co., 383 U.S. 1 (1966).

ordinary skill in the art to combine the electronic memory concept of Jones with Ambrosio. He did not, and the Etter claims were allowed.

The newly cited patent to Azure also shows electronic memory, but no ability to calculate. But Azure does describe some prior art uses of electronic notebooks (Appendix p. 122, cols. 1 and 2), which only gather data, (as distinguished from "processing" data); and Azure relates that "in a typical meter reading application" (Appendix, p. 122, Col. 1, line 47), the operator at the end of the collection period would transmit "the fixed data and variable data for each meter" to a computer (lines 58-60).

So the question is: Which is more pertinent -- the Jones device with

electronic memory and calculating ability; or Azure with electronic memory without calculating ability, and a recital of prior art electronic notebooks being used to collect (not calculate) meter data?

It was error for the lower court to dismiss the comments in the Gray affidavit (Appendix,p. 145), as "merely opinions unsupported by facts and thus entitled to little or no weight." (Majority opinion, p. 16, Appendix p. 16). It was the burden of the Patent and Trademark Office to establish that Azure was more pertinent than Jones. The Patent and Trademark Office submitted nothing but arguments based on Azure's description of the prior art. Even if it is argued that Mr. Gray's affidavit is not overwhelmingly persuasive, there is no evidence, much less, clear and convincing evidence, that contradicts

paragraph 5 of the Gray affidavit.

No witness, no affidavit, and no evidence disputed Mr. Gray. No one having ordinary skill in the art disagreed with his conclusions. Yet the lower court has in effect concluded that Mr. Gray was either wrong or failed to justify his conclusions. It was not Appellant's burden to show by clear and convincing evidence that Mr. Gray's point of view was correct, it was the burden of the PTO to establish the contrary. How one (Mr. Gray) having ordinary skill in the art perceives Azure must be more convincing than how Azure is perceived by the Examiner, counsel or jurists.

The evidence revealed that one skilled in this art was conversant with both computer and meter reading (Ambrosio affidavit, Appendix p. 144). It is

unrealistic to conclude that such a person, immersed in the mysteries of electronic memory, would have overlooked the teachings of the state-of-the-art data processer of Jones, but would have been struck by the prior art dicta of the obsolete Azure data collector. It is feared by Petitioner that the Examiner, the Board and the lower court felt that the Etter claims should not have been allowed over Ambrosio and Jones, and are rushing to combine Azure to correct this mistake on the fragile and unrealistic reasoning that Azure is more pertinent than Jones. If the presumption of validity had been present, the clear and convincing rule would have been in effect, and the Azure patent could not then serve to strike down the Etter patent - particularly in the face of the Gray affidavit.

Subsequent to the decision below, the lower court has proceeded to follow its newly established precedent that the statutory presumption of validity under 35 USC §282 does not exist in reexamination proceedings. See Patlex Corp. v. Mossinghoff, 758 F.2d 594, 225 U.S.P.Q. 243 (Fed. Cir. 1985).

E. Conclusion.

The lower court has rendered a decision on a clear federal question which is in direct conflict with the clear and unqualified language of 35 U.S.C. §282. If the unqualified language and meaning of the statute is to be changed, it should be done by Congress and not by the courts. Thus, the decision below calls for an exercise of this Court's power of supervision, and certiorari should be granted to rectify this substantial encroachment on the patent

laws and the patent system of the United States.

Respectfully submitted,

BERWYN E. ETTER

By _____
Donald H. Zarley

ZARLEY, McKEE, THOMTE,
VOORHEES & SEASE
2400 Ruan Center
Des Moines, Iowa 50309
515-288-3667
ATTORNEYS FOR PETITIONER

PROOF OF SERVICE

I hereby certify that on this 24th day of June, 1985, three copies of this Petition and the accompanying Appendix are being mailed by First Class Mail with proper postage affixed to:

Solictor General, Department of Justice, Washington, D.C. 20530

Commissioner of Patents and Trademarks
c/o Thomas E. Lynch, Associate Solictor,
United States Patent and Trademark Office,
Post Office Box 15667, Arlington, VA 22215

Anthony E. B. Goodfellow, Intervenor
c/o Fleit & Jacobson,
2033 M Street, N.W.,
Washington, D.C. 20036

_____
Donald H. Zarley
ATTORNEY FOR PETITIONER